

CALCULATION OF 800 DATA BASE RATE ADJUSTMENT FACTORS (RAFS) AND OTHER ADJUSTMENTS (000'S)

ACCESS CATEGORY	92/93 PROSPECTIVE REVENUE REQUIREMENT (PER REV 2) (A)	92/93 TREND ANALYSIS COST ADJUSTMENT (B)	REVENUE REQUIREMENT UNDERLYING CURRENT RATES (C)=(A)+(B)	800 DATA BASE REVENUE REQUIREMENT ADJUSTMENT (EXHIBIT 800CA) (D)	COST RAF (E)=1+ (D)/(C)	MINUTES OF USE ADJUSTMENT
COMMON LINE	\$11,020	(\$69)	\$10,951	(\$15)	N/A	0
TRAFFIC SENSITIVE	\$16,036	(\$119)	\$15,917	\$586	103.68%	0
SPECIAL ACCESS	\$2,580	(\$21)	\$2,559	(\$55)	97.85%	N/A

COMPARISON OF COMMON LINE CURRENT AND PROPOSED RATES

(1) Rate Element -----	(2) Current Rate	(3) Proposed Rate	(4) Projected Demand	(5) Revenue at Proposed Rates
1 EUCL BUS	3.55	3.54	585,738	2,073,513
2 EUCL RES/SLB	3.50	3.50	2,142,570	7,498,995
3 Total EUCL				9,572,508
4 S/A Surcharge Demand	25.00	25.00	348	8,700
5 CCL Prem Orig	0.0027	0.0027	207,362,480	559,879
6 CCL NON-Prem Orig	0.0012	0.0012	98,424	118
7 CCL Prem Term	0.0027	0.0027	302,201,665	815,944
8 CCL NON-Prem Term	0.0012	0.0012	625,294	750
9 Total CCL				1,376,692
10 Total REVENUES				10,957,899

COMPUTATION OF END USER COMMON LINE RATES AFTER 800 DATA BASE  
COST REALLOCATION

Description	Source	Test Period Quantity
1 Base Factor Portion Revenue Requirement	Part 69 Study	\$9,672,635
2 Total BFP 800 Data Base Cost Reallocation	Part 69 Study	\$14,305
3 Adjusted BFP Revenue Requirement	Line 1 - Line 2	\$9,658,330
4 Projected Average Access Lines in Service	1992 Tariff Filing	227,359
5 BFP Cap for End User Common Line Rates	Line 3 / (12* Line 4)	3.54
6 Single Line Business Rate	Min. of 3.50 or Line 5	3.50
7 Residence Non-Lifeline Rate	Min. of 3.50 or Line 5	3.50
8 Multiline Business Rate	Min. of 6.00 or Line 5	3.54

COMPUTATION OF END USER COMMON LINE AND SPECIAL ACCESS SURCHARGE REVENUE

Description	Projected Demand	Proposed Rate	Projected Revenue
1 Single Line Business	89,624	3.50	\$313,684
2 Residence	2,052,946	3.50	\$7,185,311
3 Multi-Line Business	585,738	3.54	\$2,073,513
4 Special Access Surcharge	348	25.00	\$8,700
5 Total EUCL and S/A Surcharge Revenue			\$9,581,208

COMPUTATION OF COMMON LINE REVENUE REQUIREMENT

Description	Source	Quantity
1 Total Common Line Revenue Requirement	Part 69 Study	\$10,035,446
2 Total CL RRQ 800 Data Base Cost Reallocation	Part 69 Study	\$14,936
3 Total Adjusted CL Revenue Requirement	Line 1 - Line 2	\$10,020,510
4 Total EUCL and S/A Surcharge Revenue	CLWS-3, Line 5	\$9,581,208
5 Revenue Requirement for Carrier Common Line	Line 3 - Line 4	\$439,302
6 Long Term Support	NECA	\$760,410
7 Transitional Support	NECA	\$178,868
8 Total Carrier Common Line Revenue Requirement	Line 5 + Line 6 + Line 7	\$1,378,580
9 Total CCL Ratemaking Demand	1992 Tariff Filing	\$10,287,863
10 Premium CCL Rate	Line 8 / Line 9	0.0027
11 Non-Premium CCL Rate	Line 10 * 0.45	0.0012

ADJUSTED INTERSTATE SWITCHED ACCESS RATES

TYPE OF SERVICE	(A) Current Rates	(B) Rate Adjustment Factor	(C) Adjusted Rates	(D) TRF 92-93 Prospective Demand (000)	(E) TRF 92-93 Prospective Revenue (000)
1 LS2	0.0154	1.0368	0.0160	401,495	6,424
2 LS1	0.0153	1.0368	0.0159	109,335	1,738
3 LS Non-Premium	0.0069	1.0368	0.0072	1,600	12
4 Local Transport Termination Premium	0.0105	1.0368	0.0109	524,290	5,715
5 Local Transport Termination Non-Premium	0.0048	1.0368	0.0050	4,746	24
6 Local Transport Facility Premium	0.000174	1.0368	0.000180	12,967,655	2,334
7 Local Transport Facility Non-Premium	0.000078	1.0368	0.000081	544,423	44
8 DA Surcharge Premium (per 100 MOU)	0.0436	1.0368	0.0452	510,830	231
9 DA Surcharge Non-Premium (per 100 MOU)	0.0197	1.0368	0.0204	1,600	0
10 Network Blocking	0.0125	1.0368	0.0130	0	0
11 TOTAL					16,522 =====

ADJUSTED INTERSTATE SPECIAL ACCESS RATES

Type of Service	(A) Current Rates	(B) Rate Adjustment Factor	(C) Adjusted Rates	(D) TRF 92-93 Prospective Demand	(E) TRF 92-93 Prospective Revenue (000)
Metallic Service -					
1 Channel Termination	8.38	0.9785	8.20	0	0
2 Channel Mileage Facility	19.04	0.9785	18.63	0	0
3 Channel Mileage Termination	0.00	0.9785	0.00	0	0
4 Bridging, 3 Premise	1.37	0.9785	1.34	0	0
5 Bridging, Series	1.37	0.9785	1.34	0	0
Telegraph Grade Service -					
6 Channel Termination, 2-Wire	22.32	0.9785	21.84	0	0
7 Channel Termination, 4-Wire	35.71	0.9785	34.94	0	0
8 Channel Mileage Facility	1.41	0.9785	1.38	0	0
9 Channel Mileage Termination	11.73	0.9785	11.48	0	0
10 Bridging, 2-Wire	1.37	0.9785	1.34	0	0
11 Bridging, 4-Wire	1.37	0.9785	1.34	0	0
Voice Grade Service -					
12 Channel Termination, 2-Wire	19.41	0.9785	18.99	7,500	142
13 Channel Termination, 4-Wire	31.06	0.9785	30.39	14,736	448
14 Channel Mileage Facility	1.41	0.9785	1.38	158,952	219
15 Channel Mileage Termination	11.73	0.9785	11.48	12,288	141
16 Voice Bridging, 2-Wire	1.37	0.9785	1.34	0	0
17 Voice Bridging, 4-Wire	1.37	0.9785	1.34	408	1
18 Data Bridging, 2-Wire	1.37	0.9785	1.34	0	0
19 Data Bridging, 4-Wire	1.37	0.9785	1.34	1,392	2
20 Telephoto Bridging, 2-Wire	1.37	0.9785	1.34	0	0
21 Telephoto Bridging, 4-Wire	1.37	0.9785	1.34	48	0
22 C Conditioning	3.48	0.9785	3.41	228	1
23 Improved Return Loss, 2-Wire	5.18	0.9785	5.07	24	0
24 Improved Return Loss, 4-Wire	5.18	0.9785	5.07	2,544	13
25 Data Capability	12.46	0.9785	12.19	3,216	39
26 Signaling Capability	18.54	0.9785	18.14	5,292	96
Program Audio -					
27 Channel Termination, 3500 Hz	23.56	0.9785	23.05	408	9
28 Channel Termination, 5000 Hz	30.37	0.9785	29.72	0	0
29 Channel Termination, 8000 Hz	30.37	0.9785	29.72	0	0
30 Channel Termination, 15000 Hz	30.37	0.9785	29.72	0	0
31 Channel Mileage Facility, 3500 Hz	1.41	0.9785	1.38	36	0
32 Channel Mileage Facility, 5000 Hz	51.95	0.9785	50.83	0	0
33 Channel Mileage Facility, 8000 Hz	51.95	0.9785	50.83	0	0
34 Channel Mileage Facility, 15000 Hz	51.95	0.9785	50.83	0	0
35 Channel Mileage Termination, 3500 Hz	11.73	0.9785	11.48	24	0
36 Channel Mileage Termination, 5000 Hz	0.00	0.9785	0.00	0	0
37 Channel Mileage Termination, 8000 Hz	0.00	0.9785	0.00	0	0
38 Channel Mileage Termination, 15000 Hz	0.00	0.9785	0.00	0	0

ADJUSTED INTERSTATE SPECIAL ACCESS RATES

Type of Service	(A) Current Rates	(C) Rate Adjustment Factor	(D) Adjusted Rates	(D) TRF 92-93 PROSPECTIVE DEMAND	(E) TRF 92-93 PROSPECTIVE REVENUE (000)
Video Service -					
9 Channel Termination	1,592.28	0.9785	1,558.05	0	0
0 Channel Mileage Facility	1,199.96	0.9785	1,174.16	0	0
1 Channel Mileage Termination	5,915.42	0.9785	5,788.24	0	0
Digital Data Service -					
2 Channel Termination, 2.4 kbps	60.47	0.9785	59.17	0	0
3 Channel Termination, 4.8 kbps	60.47	0.9785	59.17	0	0
4 Channel Termination, 9.6 kbps	60.47	0.9785	59.17	264	16
5 Channel Termination, 56.0 kbps	60.47	0.9785	59.17	1,068	63
6 Channel Mileage Facility, 2.4 kbps	1.41	0.9785	1.38	0	0
7 Channel Mileage Facility, 4.8 kbps	1.41	0.9785	1.38	0	0
8 Channel Mileage Facility, 9.6 kbps	1.41	0.9785	1.38	144	0
9 Channel Mileage Facility, 56.0 kbps	1.41	0.9785	1.38	5,916	8
0 Channel Mileage Termination, 2.4 kbps	11.73	0.9785	11.48	0	0
1 Channel Mileage Termination, 4.8 kbps	11.73	0.9785	11.48	0	0
2 Channel Mileage Termination, 9.6 kbps	11.73	0.9785	11.48	96	1
3 Channel Mileage Termination, 56.0 kbps	11.73	0.9785	11.48	924	11
4 Bridging	30.32	0.9785	29.67	0	0
5 Multiplexing, DS0 to Subrate	363.89	0.9785	356.07	0	0
High Capacity -					
56 Channel Termination	145.66	0.9785	142.53	5,592	797
57 Channel Mileage Facility	17.66	0.9785	17.28	6,276	108
58 Channel Mileage Termination	128.68	0.9785	125.91	1,860	234
59 Multiplexing, DS1 to Voice	363.89	0.9785	356.07	396	141
60 Multiplexing, DS1 to DS0	363.89	0.9785	356.07	36	13
61 Automatic Loop Transfer	382.85	0.9785	374.62	0	0
					2,504
					=====



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**LINCOLN TELEPHONE AND TELEGRAPH COMPANY**

**TRANSMITTAL NO. 67**

**DESCRIPTION AND JUSTIFICATION**

## DESCRIPTION AND JUSTIFICATION

### I. Introduction

Lincoln Telephone and Telegraph Company (Lincoln) submits this Description and Justification in support of revisions to its Tariff F.C.C. No. 3. On March 5, 1993 Lincoln filed tariff revisions in compliance with the Commission's Second Report and Order (Order) in CC Docket No. 86-10, *Provision of Access for 800 Service*, Released January 29, 1993.

This filing proposes to reduce those 800 Data Base Access Service rates filed on March 5, 1993 due to reductions in the 800 data base provider charges to Lincoln. In this filing Lincoln also makes various changes in tariff language for increased clarification of Lincoln's 800 Data Base Access Service offering.

Lincoln submits that this filing complies with the Order and respectfully requests that the Commission allow the rates contained herein to go into effect May 1, 1993, pursuant to special permission number 93-311.

## **II. Service Description**

800 Data Base Access Service is an originating trunk side offering that provides carrier selection of 800 calls dialed by end users, based on the dialed 800 number in the form 1+800+NXX-XXXX. Lincoln will perform carrier selection for each 800 call by querying a data base to determine the carrier to whose point of termination the call is to be delivered. In addition to the carrier selection function, 800 Data Base Access Service will also provide various optional vertical features to customers.

Lincoln will provide 800 Data Base Access Service for originating 800 calls by accessing the Service Control Point (SCP) data base through Independent Telecommunications Network, Inc. (ITN). Access to the SCP is provided through the use of Lincoln's Service Switching Point (SSP), SS7 links, Signal Transfer Point (STP) investment, and the ITN SS7 backbone network. Lincoln will lease private lines to connect its STPs with the ITN SS7 backbone network for access the SCP.

## **III. Cost and Rate Development**

In developing reduced rates for the data base query, Lincoln analyzed two separate cost components. The first cost component, direct investment, is for equipment purchased by Lincoln to provide 800 Data Base Access Service.

This direct investment was multiplied by .50 to determine the average net rate base over the service life. This product was then divided by the projected annual 800 data base queries to calculate 800 net rate base per query. These calculations are shown on the INVESTMENT Exhibit. The result of this calculation serves as the rate base for 800 data base carrier selection and 800 vertical services, as shown on the RATE DEV Exhibit.

The second cost component, direct expenses, are those costs incurred to provide 800 Data Base Access Service for which it was not necessary for Lincoln to purchase investment. Lincoln leases B links for SS7 transport between STPs owned by Lincoln and STPs owned by ITN. ITN charges Lincoln a per query amount for ITN transport. ITN will also charge Lincoln for 800 data base queries that it is charged by the 800 data base provider. These direct expenses are calculated and summarized on the EXPENSE Exhibit. These direct expenses serve as input to Line 28 on the RATE DEV Exhibit.

The rate base was then multiplied by the authorized rate of return of 11.25% to determine return on rate base. State income taxes, federal income taxes, and other operating expenses were added to the return on rate base to calculate the rate for each 800 data base element. The expenses for each element were calculated on a percentage-of-rate-base basis. The percentage-of-rate-base factor was calculated by

dividing 1991 ARMIS Report 43-04 expenses by 1991 ARMIS Report 43-04 rate base. This methodology was also used to calculate percentage-of-rate-base factors for interest and related items, ITC amortization, and IRS income adjustments for calculation of state and federal income taxes as shown on the RATE DEV Exhibit.

The rates below compare the 800 Data Base Access Service rates filed on March 5, 1993 and the new proposed rates:

	<u>March 5, 1993 Rates</u>	<u>Proposed Rates</u>
Carrier Selection	\$ .012139	\$ .008839
Vertical Services		
- POTS Translation	\$ .003665	\$ .000000
- Other Vertical Services	\$ .000694	\$ .000200

**RATE DEVELOPMENT**  
Rate Development - 800 Data Base Query

**RATE DEV**  
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LINE	DESCRIPTION	SOURCE	Rate Base Factor (a)	800 Data Base- Carrier Selection (b)	800 Data Base Vertical Services- POTS Translation (c)	800 Data Base Vertical Services- Other (d)
1	Net Telecom Plant	INVESTMENT Exhibit	0.000	\$0.002519	\$0.000000	\$0.000000
2	Rate Base Adjustment #1	Records	0.000	0	0	0
3	Rate Base Adjustment #2	Records	0.000	0	0	0
4	RATE BASE	Ln 1-Ln 2..3	0.000	\$0.002519	\$0.000000	\$0.000000
5						
6	Rate of Return	Records		0.112500	0.112500	0.112500
7	RETURN ON RATE BASE	Ln 4*Ln 6	0.000	0.000283	0.000000	0.000000
8						
9	Return Adjustment #1	Records	0.000	0.000000	0.000000	0.000000
10	NET RETURN	Ln 7-Ln 9	0.000	0.000283	0.000000	0.000000
11						
12	7300 Alw Fds Used Dur Constr	-----	0.000	0.000000	0.000000	0.000000
13	7500 Interest & Related Items	Records	0.040	0.000101	0.000000	0.000000
14	ITC Amortization	Records	0.009	0.000023	0.000000	0.000000
15	Amortization of Excess Def Taxes	-----	0.000	0.000000	0.000000	0.000000
16	Capitalized Payroll Taxes	-----	0.000	0.000000	0.000000	0.000000
17	Depreciation Adjustment	-----	0.000	0.000000	0.000000	0.000000
18	FIT Allowances/Disallowances	-----	0.000	0.000000	0.000000	0.000000
19	IRS Income Adjustments	Records	0.002	0.000005	0.000000	0.000000
20	Excess Deferred Taxes	-----	0.000	0.000000	0.000000	0.000000
21	Income Adjustment #3	Records	0.000	0.000000	0.000000	0.000000
22	AFTER TAX INCOME	Ln10-Ln12..Ln16+Ln17..Ln21	0.000	0.000164	0.000000	0.000000
23						
24	State Income Tax	(Ln22+Ln25+Ln14)*Ln37	0.000	0.000019	0.000000	0.000000
25	Net Federal Income Tax	[Ln22*(Ln40(1-Ln40))]-Ln14	0.000	0.000061	0.000000	0.000000
26	Other Operating Expenses	Records	0.439	0.001106	0.000000	0.000000
27	Uncollectibles	-----	0.000	0.000000	0.000000	0.000000
28	Direct Expenses	EXPENSE: Pg 1 Ln 7, Pg 2 Ln 1 & 2	0.000	0.007370	0.000000	0.000200
29	NET REVENUE REQUIREMENT	Ln10+Ln24..Ln28	0.000	\$0.008839	\$0.000000	\$0.000200
30						
31	Gross Receipts Tax	Note 1	0.000	0.000	0.000	0.000
32	Other Adjustments	Records	0.000	0.000	0.000	0.000
33	REVENUE REQUIREMENT	Ln29+Ln31-Ln32	0.000	\$0.008839	\$0.000000	\$0.000200
34	INCOME TAXES					
34	FIT Taxable Income	Ln 22 + Ln 41	0.000	0	0	0
35	SIT Taxable Income	Note 2	0.000	0	0	0
36						
37	State Income Tax Rate	Ln 38/Ln 35	0.078100	0.078100	0.078100	0.078100
38	State Income Tax Requirement		0.000	0	0	0
39						
40	Federal Income Tax Rate	Ln 41/Ln 34	0.340000	0.340000	0.340000	0.340000
41	Gross Fed Inc Tax Requirement		0.000	0	0	0
42	Net Fed Inc Tax Requirement	Ln 41-Ln 14-Ln 15	0.000	0	0	0

Note 1: Based on these Statutory Rates:

Note 2: If SIT is deductible for SIT, then Ln 34, otherwise, 34 + 38

0.000000

0.000000

0.000000

DIRECT INVESTMENT EXHIBIT  
Total Direct Investment

Description	Source	Quantity
1 800 data base SSP investment	Records	\$204,000.00
2 Average investment over service life	Line 1 / 2	\$102,000.00
3 Annual data base queries	DEMAND: Page 1 Line 3	40,496,000
4 Direct investment per data base query	Line 2 / Line 3	<u>0.002519</u>



DIRECT EXPENSE EXHIBIT  
Carrier Selection

Description	Source	Quantity
1 Annual 800 data base B-link expense	Records	\$47,400.00
2 Annual 800 data base queries	DEMAND: Page 1 Line 3	40,496,000
3 B-link - Query charge	Line 1 / Line 2	0.001170
4 Add - ITN transport charge/query	Records	0.005000
5 Add - Data base provider query charge	Records	0.001200
6 Total annual 800 data base query direct expense	Sum of Line 3 through Line 5	<u>0.007370</u>

DIRECT EXPENSE EXHIBIT  
Vertical Services

Description	Source	Quantity
1 Data base provider POIS translation charge	Records	<u>0.000000</u>
2 Data base provider other vertical service feature charges	Records	<u>0.000200</u>

DEMAND ANALYSIS

Description	Source	Quantity
1 Projected annual 800 data base completed call volume	Records	29,713,980
2 Projected completion ratio	Records	0.733751
3 800 data base annual demand	Line 1 / Line 2	<u>40,496,000</u>

REVENUE  
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REVENUE ANALYSIS

Description	Source	Quantity
1 Annual 800 data base queries	DEMAND: Page 1 Line 3	40,496,000
2 800 data base rate	RATE DEV: Column B, Line 33	\$0.008839
3 800 data base annual revenue	Line 1 * Line 2	<u>\$357,944.14</u>